

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Notice of Market Dominant
Price Adjustment

Docket No. R2018-1

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued October 13, 2017)

To assist the Commission in evaluating the Postal Service's Notice of Market Dominant Rate Adjustment in Docket No. R2018-1,¹ the Postal Service is requested to provide written responses and additional filings, when appropriate, to the following questions and requests for information. Responses to individual questions and, if applicable, additional filings, should be provided as soon as they are developed, but no later than October 19, 2017.

First-Class Mail, Inbound Letter Post and Outbound Single-Piece First-Class Mail International

1. Please refer to Library Reference USPS–LR–R2018–1/NP1, October 6, 2017, Excel file “INB_LP_CAPCAL-R2018-1_Final.xlsx,” tab “Terminal Dues.”
 - a. Please confirm that the internal air conveyance rate during Calendar Year (CY) 2018 should be the price shown in Universal Postal Union (UPU) International Bureau (IB) Circular 62, dated May 15, 2017. If not confirmed, please explain and please clarify the appropriate prices.
 - b. Please confirm that the Group III Terminal Dues rates for E format Inbound Letter Post should be the prices shown in Table III.2 of UPU IB Circular 92, dated July 3, 2017 (replacement issued on September 26,

¹ Notice of Market Dominant Price Adjustment, October 6, 2017 (Notice).

2017). If not confirmed, please explain and please clarify the appropriate prices.

2. Please refer to USPS–LR–R2018–1/NP1, Excel file “INB_LP_CAPCAL-R2018-1_Final.xlsx,” tab “IB X Revenue Calculation.” Please provide the source for the Terminal Dues rates used for these undifferentiated flows.
3. Please refer to USPS–LR–R2018–1/NP1, Excel file “INB_LP_CAPCAL-R2018-1_Final.xlsx,” tab “FY16 SIRVI.”
 - a. Please reconcile the total volume and total weight reported as the sum of cells H203 and K203 in this tab with the total volume and total weight reported in Docket No. ACR2016, Library Reference USPS–FY16–NP2, December 29, 2016, Excel file “Reports (Unified).xls,” tab “A Pages (md),” sum of cells L32 and L90.
 - b. Please confirm that the volume reported in tab “FY16 SIRVI” excludes Inbound Registered Mail. If not confirmed, please explain how Inbound Registered Mail is removed from the Inbound Letter Post cap calculation.
 - c. Please confirm that the volume reported in tab “FY16 SIRVI” excludes ePackets received through negotiated service agreements with foreign postal operators. If confirmed, please explain how ePackets are incorporated into the Inbound Letter Post cap calculation. If not confirmed, please further explain how ePackets are reported in SIRVI.
 - d. Please provide any handbooks, manuals, or other documentation that explain the sampling procedures, analysis, reporting, etc. used to derive the shape distribution (P/G format, E format, and X format) for pieces and weight data in the System for International Revenue and Volume, Inbound (SIRVI).
 - e. Please discuss the feasibility of and obstacles to using country-level volume and weight data reported in USPS–FY16–NP2, Excel file “Reports

(Unified).xls,” tab “ICRA Database” for Inbound Letter Post and Internal Air Conveyance, and applying SIRVI data as a shape distribution key for terminal dues for Inbound Letter Post.

4. Please refer to the note in UPU IB Circular 92 at 38-39.
 - a. Please confirm that the Postal Service is applying the undifferentiated format rate to any P/G format flows under 50 metric tons for countries in Groups I and II, and under 75 metric tons for countries in Group III, in accordance with Articles 29.16 and 29.17 of the UPU Convention, respectively.
 - i. If confirmed, please explain why the Postal Service calculated the tonnage threshold separately for P/G format pieces and E format pieces.
 - ii. If not confirmed, please explain why the Postal Service chose to apply the undifferentiated format rate to P/G format pieces.
 - b. Please confirm that Postal Service is applying the undifferentiated format rate to any E format flows under 50 metric tons for countries in Groups I and II, and under 75 metric tons for countries in Group III in accordance with Articles 29.16 and 29.17 of the UPU Convention, respectively.
 - i. If confirmed, please explain why the Postal Service calculated the tonnage threshold separately for P/G format pieces and E format pieces.
 - ii. If not confirmed, please explain why the Postal Service chose not to apply the undifferentiated format rate to E format pieces.
5. Please refer to the Notice at 10.
 - a. Please provide the proposed International Mail Manual (IMM) changes to Outbound Single-Piece First-Class Mail International.

- b. Please confirm that the proposed IMM changes will not affect Inbound Letter Post. If not confirmed, please provide any proposed IMM changes to Inbound Letter Post.

USPS Marketing Mail

6. Please provide a revised version of Library Reference USPS–LR–R2018–1/2, October 6, 2017, Excel file “CAPCALC-USPSMM-R2018-1.xlsx,” that:
 - a. includes on tabs “USPS MM Flats Prsrt Prebcd” and “USPS MM Carrier Route” only the avoided cost estimates as reported in the FY 2016 Annual Compliance Report (ACR) and
 - b. identifies on tab “Description,” the location (specific tab(s) and, if practicable, cell numbers) of the Move Update Noncompliance Charge of \$0.07 and associated volume.
7. Please refer to Notice, Attachment B. Please provide a revised version that includes on tabs “USPS MM Flats Prsrt Prebcd” and “USPS MM Carrier Route” only the avoided cost estimates as reported in the FY 2016 ACR.

Periodicals

8. Please refer to Notice, Attachment B. Please provide a revised version that includes on tab “Periodicals Outside County” only the avoided cost estimates as reported in the FY 2016 ACR.
9. Please refer to Notice, Attachment A and Library Reference USPS–LR–R2018–1/3, October 6, 2017, Excel file “USPS-CAPCALC-PER-R2018-1.xlsx,” tab “Outside County Adjustments,” cell F111, ADC Pallet DNDC entry has a price of \$44.386. The Postal Service reports the price for ADC Pallet DNDC entry as \$44.385. Notice, Attachment A at 45. In Excel file “USPS-CAPCALC-PER-R2018-1.xlsx,” tab “Outside County Adjustments,” cell F111, the price for ADC

Pallet DNDC entry is \$44.386. Please resolve this discrepancy and make the necessary corrections to Excel file “USPS-CAPCALC-PER-R2018-1.xlsx” or Attachment A.

By the Chairman.

Robert G. Taub